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PAGE A1.

Funds for Hostages Traced to Area Stores

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Contra leader Adolfo Calero testified yesterday that he gave \$50,000 in traveler's checks to White House aide Oliver L. North in 1985 to assist in a hostage-rescue scheme, but investigators disclosed that \$2,140 worth of the checks were used by North at grocery stores, a gas station, a women's hosiery store and other commercial outlets.

Calero, leader of the largest contra faction, the Nicaraguan Democratic Force (FDN), told the House and Senate committees investigating the Iran-contra affair that he gave Marine Lt. Col. North the blank traveler's checks between March and July 1985 after the National Security Council official had told him a "private effort" was being undertaken to liberate Americans held hostage in Lebanon.

The Visa traveler's checks, issued by Barclays Bank in Miami and drawn on a Cayman Islands account that Calero controlled, were traced only last weekend after "major sleuthing" committee sources reported. They said the information could open a new avenue of inquiry into the use of contra funds by North for personal or other purposes.

Investigators are attempting to identify other recipients of the checks, which North kept in a safe

CALERO, From A1

in his office at the Old Executive Office Building adjacent to the White House, sources said.

"It's a breaking investigation," said one committee member, who added that unscheduled witnesses could be called if new information warrants.

- Investigators have determined that \$25,300 worth of checks were used by Drug Enforcement Administration agents for expenses asso-

ciated with North's plan to locate and ransom the U.S. hostages, which was approved by the president. But the bulk of the traveler's checks were endorsed by other people, sources said. They said North received a total of \$98,000 worth of blank traveler's checks.

Calero confirmed yesterday that the checks came out of \$32 million that had been channeled to a secret contra bank account in the Cayman Islands by Saudi Arabia at the request of Reagan administration officials between July 1984 and April 1985. These funds were the principal revenues available to the contras to continue their war after Congress shut off U.S. aid in October 1984.

North did not ask for money, Calero said, but "it was clear that I could help, and I gladly did it." The rebel leader told Sen. Warren H. Rudman (R-N.H.) that he never thought the money was going for anyone's personal use.

"Nicaraguan hostages of the Sandinistas, American hostages of these groups in Lebanon were one in the same . . . and I would be happy to help in their liberation," Calero said.

One \$100 check was endorsed by North at National Tire Wholesalers in Virginia on Nov. 30, 1985, to purchase snow tires, according to a receipt obtained by investigators. An official with National Tire said in an interview that the receipt for a "very standard" purchase was made out to a "Mr. North."

Checks for smaller amounts were also used in Washington-area stores, including Drug Fair, Giant,

Magruder, Farragut Valet, Sugarland Texaco and Parklane Hosiery. The operator of the Sugarland Texaco station in Sterling, Va., said North has been a customer for two or three years. The manager of the Parklane Hosiery at Tyon's Corner said the store sells only women's exercise clothing and hosiery.

Fourteen of the checks were used by North at area food stores to purchase \$118.15 worth of goods

with the remaining \$211.85 taken in cash, according to the committee. Two \$500 checks were used in one day in July 1985 at Pan American Airways.

Robert W. Owen, North's liaison with the contras, testified on Tuesday that he received \$1,000 in checks from North, who said they were a wedding present. At North's direction, Owen said, his and former White House aide Jonathan Miller cashed about \$7,000 worth of traveler's checks from North's safe and gave the proceeds to a contra. Altogether, Owen testified, he disbursed about \$30,000 in this way. But a committee investigator said yesterday that there are no records to prove this.

Calero, who testified that he had about 50 meetings with North between 1984 and 1986, said yesterday that he had never specifically discussed North's distributing money from the Cayman Islands account to other contra leaders. But he said he did recall North suggesting that it was not "politically sound" for Calero to make those disbursements.

Rudman said yesterday that he would withhold judgment about North's actions until he heard

North's explanation for the transactions. Rep. Dick Cheney (R-Wyo.) noted that U.S. government funds were not involved; but other committee members pointed out that the Saudi contribution had been raised through the efforts of former national security adviser Robert C. McFarlane.

"When was the last time it snowed in Nicaragua," Rudman asked Calero, in reference to North's apparent purchase of snow tires with a Calero traveler's check.

"Well, sir, it does not snow in Nicaragua. However, I am sure there is an explanation for that," Calero said.

"You never intended any of your hard-worked-for-money to be used for anyone's personal use, including your own?" Rudman asked.

"No, sir," Calero said.

Calero began his testimony with an impassioned plea for continued congressional support for the contras, but most of the questioning that followed focused on the spend-

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9/12

ing of the \$33.8 million that was deposited in his Cayman Islands bank account between July 1984 and early this year.

At one point, he told the committees that the movement is \$1.9 million in debt.

The infusion of the \$32 million in Saudi money beginning in mid-1984 was cause for the most rapid build-up of contra forces since Calero's involvement with the movement began in 1983. Calero explained that the ending of Central Intelligence Agency funding of the contras in May 1984 brought with it the ending of the U.S.-imposed ceiling on the size of the contra forces.

With the subsequent availability of private Saudi funds, he said, the contra force grew from 6,000 in 1984 to a peak of 17,000 a year later.

While Calero's forces, centered mainly in Honduras and northeastern Nicaragua, had access to the Saudi money, other contra factions in Costa Rica and in the jungles of

southern Nicaragua were less well off. In the south, the strength diminished from 4,000 to a few hundred.

Beginning in late 1984, Calero's records show, he spent \$19.2 million on arms and munitions, of which the largest amount, \$11.3 million, went to the company of retired Air Force major general Richard V. Secord, who had been introduced to Calero by North in 1984.

Questioning by committee staff and members focused on the pricing of the weapons supplied by Secord, as well as the means he had used to

obtain the bulk of the business.

Calero testified, for example, that Secord came to him in early 1985 and told him that he had "visited with a sheik or a prince" from the Middle East and that he might be able to get "between \$15 [million] and \$25 million." This appeared to be a reference to Saudi Ambassador Prince Bandar bin Sultan, who Secord testified he had visited.

Later, Calero said, Secord told him he "had made the solicitation and apparently took credit for helping out."

Calero placed his first order with Secord in the early fall of 1984, paid for it in December but, he said, did not receive the delivery until April 1985. "That's the one we call the slow boat from China," Calero quipped.

Because of the emergency created by the late arrival of the weapons, he said, Secord made two deliveries by air in early 1985.

Under questioning by deputy chief counsel Paul Barbadoro of the Senate committee, Calero described as a "revelation" Secord's recent testimony that he took a 20 percent to 30 percent markup on the weapons. Calero said it had been his understanding that Secord was selling the arms at cost.

Several months later, in May 1985, Calero placed a \$53 million order with a Secord competitor, retired Army major general John K. Singlaub, whose prices he called outstanding.

Calero told of being charged \$135 a piece by Singlaub for AK47 rifles based on the Soviet model.

"And did you pay \$250 for some AK47s from Gen. Secord?" asked Rep. Jack Brooks (D-Tex.).

"In the second sealift, I do not remember the exact price, but that could be it, yes," Calero responded. He also pointed out that the CIA had paid \$600 each for FAL Belgian automatic rifles supplied to the contras in the earlier period when the agency was legally supporting the rebels.

To this day, Calero said, the contras are fighting with the rifles supplied by Singlaub.

But after Singlaub's shipment Calero never purchased weapons again.

Instead, Secord, with the encouragement of North, began establishing a private airlift and resupply network, which delivered arms only to the southern front, not Calero, he testified.

Asked about the quality of the Secord airlift, Calero described it as "lousy."

Memos and reports already introduced show growing friction between the FDN on the one hand and Secord, North and their operatives on the other. Calero charged yesterday that North's liaison, Owen, "began to hang around with people in this country [the United States] that had always bad-mouthed the FDN" and favored other contra factions.

Calero said North was his liaison to President Reagan, whom he met on "three or four" times. But he said he had a close personal relationship with the late CIA director, William J. Casey, whom he called "Uncle Bill."

Questioned by Sen. William S. Cohen (R-Maine) on whether he ever had the impression that he was "controlled" by the CIA, Calero said that he had known many people from the agency but did not believe he "ever had any one particular person assigned to me."

Asked by Rep. Louis Stokes (D-Ohio) whether he had discussed his committee appearance with anyone from the CIA or the State Department, Calero replied, "No," but added, "I told a certain intelligence officer that I would like to see them after the—I did that today—after the hearing."

10/12 20F3

NORTH'S TRAVELER'S CHECKS

PAGE A42.

WHAT DID HE CASH? WHERE DID HE CASH IT?

According to Iran-contra congressional investigators, contra leader Adolfo Calero provided about \$98,000 in traveler's checks to Lt. Col. Oliver L. North. The money was part of a surreptitious \$32 million donation to the contra cause from Saudi Arabia—at the request of the White House. Investigators have determined that North cashed a number of the checks at supermarkets, service stations and other commercial outlets.



DATE CASHED	DENOMINATION	PLACE CASHED
FOOD STORES		
April 21, 1985	\$50	Giant Food: \$8.95*
June 8	20	Giant Food: 4.42
June 13	20	Giant Food: 5.75
June 16	20	Giant Food: 3.09
June 20	20	Giant Food: 5.71
June 20	20	Giant Food: 7.19
June 22	20	Giant Food: 1.61
June 23	20	Giant Food: 7.65
June 23	20	Giant Food: 1.25
July 6	50	Giant Food: 26.85
July 11	20	Giant Food: 11.50
July 14	20	Magruder's: 15.98
July 20	20	Giant Food: 13.15
July 27	20	Giant Food: 5.05
SUBTOTAL	\$340	\$118.15
RETAIL STORES		
May 7, 1985	\$20	Drug Fair
June 9	20	Sugarland Texaco
June 9	20	Sugarland Texaco
July 3	20	Ferragut Valet
July 13	20	Appalachian Outfitters
July 20	20	Parklane Hosiery
Nov 30	100	National Tire Wholesalers
SUBTOTAL	\$220	
OTHER		
April 1, 1985	\$100	San Antonio Foreign Exchange
April 26	20	Delta Airways
April 26	100	Mandaly Four Seasons Hotel
May 3	50	Unknown
May 10	20	Unknown
June 9	20	The American Cafe
June 9	20	Dobbs House International (Atlanta Airport)
July 10	500	Pan American Airways
July 10	500	Pan American Airways
Aug. 10	500	Financial America (Miami Airport)
Dec. 24	50	Sheraton Carlton Hotel
SUBTOTAL	\$1,880	
GRAND TOTAL	\$2,440	

* Amount of purchase

SOURCE: House and Senate select committees

3 of 3

11/12